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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR QUARTER ENDED: March 31, 1992 COMMISSION FILE #: 2-67918-NY

MIKROS SYSTEMS CORPORATION
(Exact Name of Registrant as Specified in Charter)

DELAWARE	141598200
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification#)

3490 U.S. Route 1, Princeton, NJ 08540
(Address of Principal Executive Offices, Including Zip Code)

Registrant's Telephone Number, Including Area Code: 609-987-1513

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X]Yes [ ]No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AT March 31, 1992
COMMON STOCK, PAR VALUE $.01	4,357,108 SHARES
CONVERTIBLE PREFERRED STOCK, PAR VALUE $.01	1,005,000 SHARES
SERIES B PREFERRED STOCK PAR VALUE $.01	1,131,663 SHARES
SERIES C PREFERRED STOCK PAR VALUE $.01	5,000 SHARES

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MIKROS SYSTEMS CORPORATION

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ATARDS SYSTEMS CORPORATION
BALANCE SHEETS

ASSETS	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT ASSETS		
Cash	$179,386	$159,273
Accounts Receivable	312,822	206,172
Unbilled Receivables	67,862	141,088
Inventories	20,456	27,678
Other Current Assets	7,131	7,455
TOTAL CURRENT ASSETS	587,657	541,816
FURNITURE AND EQUIPMENT		
Equipment	290,063	283,907
Furniture & Fixtures	35,906	35,906
Leasehold Improvements	4,477	17,596
Automobiles	8,078	8,078
	$338,524	$345,387
Less Accumulated Depreciation	(270,843)	(283,045)
NET FURNITURE AND EQUIPMENT	67,681	62,342
SECURITY DEPOSITS	3,649	5,370
PATENT COSTS, NET	19,035	18,548
TOTAL ASSETS	$678,022	$628,076

LIABILITIES AND DEFICIENCY IN ASSETS	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT LIABILITIES		
Accounts Payable	$100,622	$176,028
Debt Callable by Lenders	963,750	963,750
Notes Payable-Current	16,875	18,916
Accrued Payroll and Payroll Taxes	13,644	18,810
Accrued Interest	115,415	81,316
Accrued Expenses	169,670	97,385
Income Taxes Payable	18,850	18,850
TOTAL CURRENT LIABILITIES	$1,398,826	$1,375,055
NOTES PAYABLE-NONCURRENT	1,875	2,500
COMMITMENTS AND CONTINGENCIES		
MANDATORILY REDEEMABLE SERIES C PREFERRED STOCK par value $.01 per share, authorized 150,000 shares issued and outstanding 5,000 shares in 1992 & 1991	50,400	54,700
DEFICIENCY IN ASSETS		
Common Stock, par value $.01 per share, authorized 20,000,000 shares, issued & outstanding 4,357,108 shares in 1992 & 1991	43,571	43,571
Preferred Stock, convertible, par value $.01 per sh., authorized 2,000,000 shares, issued and outstanding 1,005,000 shares in 1992 & 1991	10,050	10,050
Preferred Stock, Series B convertible par value $.01 per share, authorized 1,200,000 shares, issued and outstanding 1,131,643 shares in 1992 & 1991	11,316	11,316
Capital in excess of Par	9,009,989	9,014,689
Accumulated Deficit	(9,857,005)	(9,863,805)
TOTAL DEFICIENCY IN ASSETS	($782,079)	($804,179)
TOTAL LIABILITIES & DEFICIENCY IN ASSETS	$678,022	$628,076

See Notes to Financial Statements

Hikros Systems Corporation
Statements of Deficiency In Assets
(Unaudited)

	Common Stock $.01 Par Value		Preferred Stock $.01 Par Value		Preferred Stock B $.01 Par Value				
	Number of shares	Par Value	Number of shares	Par Value	Number of shares	Par Value	Unearned Portion of Employee Common Stock Grants	Capital In excess of Par	Accumulated Deficit
Balance-December 31, 1989	4,357,188	$43,571	1,005,000	$10,050	1,131,663	$11,316	$63,594	$9,045,439	($9,891,151)
Year ended December 31, 1990:									
Amortization of common stock grants to employees	-	-	-	-	-	-	(32,000)	-	-
Accretion on Preferred Stock Series C	-	-	-	-	-	-	-	(14,150)	-
Net Loss	-	-	-	-	-	-	-	-	(88,753)
Balance-December 31, 1990	4,357,188	$43,571	1,005,000	$10,050	1,131,663	$11,316	$31,594	$9,031,289	($9,979,904)
Year ended December 31,1991:									
Amortization of common stock grants to employees	-	-	-	-	-	-	(31,594)	-	-
Accretion on Preferred Stock Series C	-	-	-	-	-	-	-	(16,600)	-
Net Income	-	-	-	-	-	-	-	-	96,099
Balance-December 31,1991	4,357,188	$43,571	1,005,000	$10,050	1,131,663	$11,316	$0	$9,014,689	($9,883,805)
Three months ended March 31,1992:									
Accretion on Preferred Stock Series C								(4,700)	
Net Income									26,800
Balance-March 31,1992	4,357,188	$43,571	1,005,000	$10,050	1,131,663	$11,316	$0	$9,009,989	($9,857,005)

See Notes to Financial Statements

MIKROS SYSTEMS CORPORATION
STATEMENTS OF OPERATIONS
(Unaudited)
THREE MONTHS ENDED

	3/31/92	3/31/91
Revenues		
Hardware Sales	$123,230	$103,223
Contract Research and Development	551,073	508,785
Total Revenues	$674,303	$612,008
Cost of Sales		
Hardware Sales	45,040	39,699
Contract Research and Development	410,453	384,499
Total Cost of Sales	455,493	424,198
Gross Margin	$218,810	$187,810
Operating Expenses		
Selling, General and Administrative	157,240	157,631
Interest	34,770	36,570
Total Operating Expenses	$192,010	$194,201
Operating Income (Loss)	26,800	(6,391)
Other (Income) Expenses	0	10,531
Net (Loss)	$26,800	($16,922)
Income(Loss)per share	$0.01	($0.01)
Weighted average number of shares outstanding	4,357,108	3,848,358

See Notes to Financial Statements

MIKROS SYSTEMS CORPORATION
STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended 03/31/92	03/31/91
Cash Flows provided (used) by Operating Activities		
Net Income(Loss)	$26,600	($16,922)
Adjustments to reconcile net income(loss) to net cash provided (used) by operating activities		
Depreciation	5,394	3,794
Vested Portion of Stock Grants Issued	0	10,532
Net changes in operating assets and liabilities		
(Increase) in Accounts Receivable	(33,424)	(103,708)
(Increase) Decrease in Inventory	7,372	(30,851)
(Increase) in Other Current Assets	2,045	(8,868)
Increase (Decrease) in Accounts Payable	(75,406)	(80,262)
Increase (Decrease) in Accrued Payroll	(5,166)	22,126
Increase in Accrued Expenses	106,384	49,184
Increase in Deferred Credits	0	70,657
Net Cash provided (used) by Operating Activities	33,999	(84,318)
Cash Flows used by Investing Activities		
Fixed Asset Purchases	(10,733)	(14,396)
Patents	(487)	(4,211)
Net Cash used by Investing Activities	(11,220)	(18,607)
Cash Flows provided (used) by Financing Activities		
Payments on Short Term Debt	(2,668)	(9,505)
Net Cash provided (used) by Financing Activities	(2,668)	(9,505)
Net Increase (Decrease) in Cash	20,113	(112,430)
Cash at Beginning of Period	159,273	146,181
Cash at End of Period	$179,386	$33,751
Supplemental disclosure of cash flow information:		
Cash Paid during the quarter for interest	$671	$36,161

See Notes to Financial Statements

MIKROS SYSTEMS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

NOTE A - BASIS OF PRESENTATION:

As permitted by rules of the Securities and Exchange Commission applicable to quarterly reports on Form 10-Q, these notes are condensed and do not contain all disclosures required by generally accepted accounting principles. Reference should be made to the financial statements and related notes included in the Company's 1991 Annual Report on Form 10-K.

In the opinion of the management of Mikros Systems Corporation, the accompanying financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the Company's financial position at March 31, 1992, the changes in deficiency in assets, and the results of operations, and cash flows for the three month periods ended March 31, 1992 and 1991.

The results disclosed in the Statements of Operations for the three months ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

NOTE B - NOTES AND LOANS PAYABLE:

(1) Outstanding Debt is summarized as follows:

	03/31/92	12/31/91
Debt Callable by Lenders	$963,750	$963,750
Other Notes Payable	18,750	21,416
	$982,500	$985,166

(2) **1988-1989 Financing**

The Company entered into a Loan Agreement April 26, 1988 with Bishop Capital, L.P., Springfield, New Jersey ("Bishop") pursuant to which the Company could borrow up to $500,000, subject to the ability of Bishop to obtain participants in the loan, for a term of 5 years at an annual interest rate of 14% (the "Bishop Loan"). The Loan Agreement provides that Bishop receive a warrant to purchase, for $.10 per share, 10 shares of the Company's common stock for each $1.00 of loan principal and, for $1.00 per share, 1 share of the Company's Series C Preferred Stock for each $10.00 of loan principal. Such warrants have a term of 6 years and entitle their holders to certain rights to require the Company to register the common stock issuable thereunder under the Securities Act of 1933 as amended. The Company received proceeds from the Bishop Loan in the amount of $450,000. Additionally, the Company issued to Bishop and other participants in the Bishop Loan warrants to purchase 4,500,000 shares of the Company's common stock for $.10 per share, and warrants to purchase 45,000 shares of the Company's Series C Preferred Stock for $1.00 per share.

The Company entered into an Investment Agreement June 30, 1988, as amended, with Unicorn Ventures, Ltd., a New Jersey limited partnership and Unicorn Ventures II, L.P., a Delaware limited partnership (collectively, "Unicorn") pursuant to which the Company has borrowed $200,000 (the "Unicorn Loan"). The Unicorn Loan is for a term of 5 years and bears interest at an annual rate of 14%. The Investment Agreement entitles Unicorn to receive warrants to purchase the Company's common stock and Series C Preferred Stock on the same basis as described above in connection with the Bishop Loan. The Company has issued to Unicorn warrants to purchase 2,000,000 shares of the Company's common stock for $.10 per share, and warrants to purchase 20,000 shares of the Company's Series C Preferred Stock for $1.00 per share.

On September 30, 1988, Renaissance Holdings PLC ("Renaissance") became party to the Investment Agreement as described above, pursuant to which the Company has borrowed $250,000 evidenced in part by a Promissory Note dated September 30, 1988 bearing an interest rate of 14% per annum. The Investment Agreement also entitles Renaissance to receive warrants to purchase 2,500,000 shares of the Company's Common Stock at $.10 per share (for which Renaissance agreed to pay $25,000), and 25,000 shares of Series C Preferred Stock at $1.00 per share. On April 14, 1989, Renaissance provided an additional $50,000 of investment money to the Company, evidenced by a Promissory Note bearing the same interest rate and terms of the February 20, 1989 Promissory Note. As of April 15, 1989, the Company has issued to Renaissance warrants to purchase 3,000,000 shares of the Company's common stock for $.10 per share (with Renaissance paying $25,000 for the warrant to purchase 2,500,000 shares of the Company's common stock at $.10 per share), and the Company has also issued to Renaissance warrants to purchase 30,000 shares of the Company's Series C Preferred Stock for $1.00 per share.

On March 31, 1989, Gartmore Information and Financial Trust PLC (Gartmore) became party to the Investment Agreement as described above, pursuant to which the Company has borrowed $50,000 evidenced in part by a Promissory Note dated March 28, 1989, bearing an interest rate of 14% per annum. The Investment Agreement also entitles Gartmore to receive warrants to purchase 500,000 shares of the Company's common stock for $.10 per share and warrants to purchase 5,000 shares of the Company's Series C Preferred Stock for $1.00 per share. As of April 15, 1989, the Company has issued warrants to purchase 500,000 shares of common stock at $.10 per share, and warrants to purchase 5,000 shares of Series C Preferred Stock at $1.00 per share.

In April 1990, Bishop and Renaissance each loaned, on a secured basis, an additional $22,500 evidenced by Note Purchase Agreements and Promissory Notes (the "1990 Financing"). The 1990 Financing was made on the same terms as the 1988-1989 Financing, with the exception that warrants to purchase seventeen shares of common stock exercisable at $0.10 per share for each $1.00 of loan principal were issued in conjunction with the 1990 Financing whereas warrants to purchase ten shares of common stock at $0.10 per share for each $1.00 of loan principal were issued in conjunction with the 1988-1989 Financing. Accordingly, the Company has issued to each of Bishop and Renaissance warrants to purchase 382,500 shares of the Company's Common Stock exercisable at $.10 per share and warrants to purchase 2,250 shares of the Company's Series C Stock exercisable at $1.00 per share.

The proceeds of the above-described loans have been fully utilized by the Company for repayment of indebtedness and for general working capital purposes.

As security for the Bishop Loan,the Unicorn Loan, the Renaissance Loan, and the Gartmore Loan, the Company granted to Bishop, Unicorn, Renaissance, and Gartmore a security interest in all of its assets.

On January 24, 1991, Renaissance consummated the acquisition of substantially all of the loan and equity interests of Bishop and Unicorn in the Company. Pursuant to such transactions, Renaissance acquired promissory notes of the Company in the aggregate principal amount of $613,125, warrants to purchase 6,182,500 shares of Common Stock of the Company, warrants to purchase 60,250 shares of Series C Stock, of the Company and all of Bishop's and Unicorn's loan and equity rights in the Company, including without limitation, rights under loan agreements, registration agreements, co-sale agreements and security agreements.

Upon the consummation of such transaction, Renaissance is the beneficial owner of 10,115,000 shares of Common Stock, representing 66.9% of such class of stock. This amount includes 10,065,000 shares of Common Stock issuable upon the exercise of warrants. If Renaissance were to exercise such warrants, it would hold approximately 70.1% of the issued and outstanding Common Stock. If this were to occur the Company's ability to obtain government contracts could be severely impaired due to Defense Department restrictions on foreign ownership.

Renaissance is also the beneficial owner of 97,500 shares of Series C Preferred Stock, representing 89.0% of such class of stock. All of these 97,500 shares of Series C Preferred Stock are issuable upon the exercise of warrants. If Renaissance were to exercise such warrants, it would hold approximately 95.1% of the issued and outstanding Series C Preferred Stock.

In addition to the transactions described above, Renaissance has waived the following rights which were acquired through the acquisition of the Bishop and Unicorn loan and equity interests: (i) any right to designate additional directors to the Board of Directors of the Company and (ii) any right to designate a majority of the directors to the Board of Directors of the Company in the event of a default under the terms of the documents evidencing the loans from Renaissance to the Company. Such waivers shall terminate upon the actual ownership (as opposed to beneficial ownership) by Renaissance of a majority of the voting stock of the Company. Renaissance has retained its right to designate 2/7ths of the members of the Board of Directors of the Company (regardless of the total size of such Board).

During 1991, the Company could not make principal payments on its debt agreements, but made interest payments due through June 30, 1991. Interest due through March 31, 1992 in the amount of approximately $112,000 has not been paid to Renaissance ($96,000) and Gartmore ($16,000) and therefore, the Company is in default under the Loan/Investment Agreement. Including interest, the company owes Renaissance and Gartmore approximately $1,013,000 and approximately $63,000 respectively, under the loan agreement. Renaissance was pronounced in administrative receivership in June 1991, and Mikros is attempting to restructure the loan with the appointed receiver with no success thus far.

Further, the Company has been unable to obtain a consent for deferral from either Renaissance or Gartmore of the payments due. Because no such consents have been received, the Company is in default under the respective loan/investment agreements.

The Company must obtain additional or restructured financing to repay debt. The Company continues to seek such financing in order to meet future required debt payments and to fund operations. There can be no assurance of its receiving such financing. Based on the 1992 cash flow analysis the Company projects that it will be unable to meet it's required principal payments in 1992 and, accordingly, all long-term debt has been classified as current. Without additional financing there is substantial doubt about the Company's ability to fund operations and to remain a going concern.

NOTE C - INVENTORIES:

Inventories at March 31, 1992 are stated at the lower of cost or market, computed on the first-in, first-out method.

Part I. Item II.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REVENUE

Total revenues were $674,303 for the quarter ended March 31, 1992 compared to $612,008 for the same period in 1991, an increase of 10.2%. Hardware revenues were $123,230 for the quarter ended March 31, 1992 compared to $103,223 in the 1991 period, an increase of 19.4%. The increase from year to year in hardware revenues is due mainly to higher sales of SO/5 CPU boards to Bendix Test Systems Division.

Contract research and development revenues were $551,073 and $508,785 in the quarters ended March 31, 1992 and 1991, respectively, an increase of 8.3% due to more revenues from government funded contracts as a result of increased effort.

COST OF SALES

Hardware cost of sales for the quarter ended March 31, 1992 was $45,040 (36.5% of revenue) compared to $39,699 (38.5% of revenue) in the quarter ended March 31, 1991. The decrease in cost of sales as a percent of revenue is due primarily to higher selling prices in the 1992 period.

Contract research and development cost of sales was $410,453 (74.5% of revenue) for the quarter ended March 31, 1992 versus $384,499 (75.6% of revenue) for the same period in 1991. The decrease in cost as a percent of sales is due to greater coverage of fixed overhead costs which results from the increase in revenue.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, General and Administrative expenses were substantially unchanged at $157,240 and $157,631 in the quarters ended March 31, 1992 and 1991, respectively.

NET INCOME

The Company reported net income of $26,800 for the quarter ended March 31, 1992 compared to a loss of $16,922 for the same period in 1991. The improvement is due mainly to increased revenues and improved margins referred to above.

Loan agreement. Renaissance was pronounced in administrative receivership in June 1991, and Mikros is attempting to restructure the loan with the appointed receiver. Further, the Company has been unable to obtain a consent for deferral from either Renaissance or Gartmore of the payments due. Because no such consents have been received, the Company is in default under the respective Loan/Investment agreements.

The Company needs additional or restructured financing to repay debt and there can be no assurance of receiving such financing. Based on the Company's 1992 projected cash flow analysis cash flow will be insufficient to meet required principal payments and accordingly, all long-term debt is classified as current debt. Without additional or restructured financing there is substantial doubt about the Company's ability to fund operations and to remain a going concern.

A substantial portion of the Company's costs and expenses is represented by labor and related benefits. Such costs are recovered against R & D contracts with the government. They are paid by the Company monthly prior to the submission of invoices to the Federal government. Historically, any delays have not been significant and have not had a detrimental effect on the Company's operations. The Company believes that this will continue to be the case.

In addition, the Company had net cash provided from generating of $33,9999 in the quarter ended March 31, 1992 as compared to cash used by operating of $84,318 in the quarter ended March 31, 1991.

Part II. Other Information

Item 3. Defaults Upon Senior Securities

Except for the principal payments which were made in September 1989, the Company has been unable to make any required principal payments on its debt agreements. The company has not made principal or interest payments to either Gartmore or Renaissance which were due at March 31, 1992 and therefore is in default under the Loan and Investment Agreements. Under the agreements, Gartmore and Renaissance are owed approximately $62,000 and $1,013,000 respectively.

Item 6. Exhibits and reports on Form 8-K.

a) Exhibits. None.
b) Reports on Form 8-K No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MIKROS SYSTEMS CORPORATION
(Registrant)

Dated: May 11, 1992

Thomas J. Meaney, President

Joseph R. Benek, Director of Finance